DP/1997/CRP.4
24 December 1996

ORIGINAL: ENGLISH

First regular session
13-17 January 1997, New York

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Follow-up to report to the third regular session, paragraph 92

COST SEGMENTS AT UNDP HEADQUARTERS

1. At the third regular session of the Executive Board held in New York, 9-13 September 1996, one delegation speaking for itself and on behalf of 11 others referred to the Note by the Administrator on Follow-up to the report on the annual session regarding cost segments at headquarters. The delegations appreciated the information provided and requested the Administrator to submit a short paper containing information on the evolution of cost elements at headquarters, including how they related to UNDP programme expenditures.

2. The attached table extracts headquarters cost paid for by the General Resources of UNDP under (a) the core and (b) programme support and development activities (PSDA) appropriation lines for the period 1992-1997. The figures, presented by major object of expenditure category, cover: cost of staff broken down between salaries and wages and common staff costs; rent and other relevant expenses. Included in common staff costs is approximately $9.5 million per biennium for reimbursement of income tax.

3. The table shows the 1992-1993 and 1994-1995 actual expenditures and projected expenditures for 1996-1997. The projected expenditures are based on the first revision to the 1996-1997 approved appropriations as reflected in Executive Board decision 96/41. The data provided show the effect of the budget strategies followed by UNDP since 1991 to contain costs at headquarters. The expenditures in the 1996-1997 biennium are estimated to be within 2 per cent of the actual expenditures in 1992-1993. This means that inflation and other mandatory cost increases over the period have indeed been absorbed and that, consequently, the budgets were significantly reduced in real terms. The major part of the reduction took the form of a decrease in staff at New York headquarters by 32 per cent for the core component of the budget.

4. Programme expenditures charged to resources of UNDP (excluding trust funds, cost-sharing and Government cash counterpart) amounted to $1.6 billion in 1992-1993, $1.1 billion in 1994-1995 and is projected to be $1.4 billion for 1996-1997.

HEADQUARTERS EXPENDITURE 1992-1997
(UNDP resources by object code of expenditure category)
(Millions of US dollars)

Biennial budget, headquarters:	Actual expenditure			Projected expenditure
Object of expenditure category	1990-1991	1992-1993	1994-1995	1996-1997
Salaries and wages	66.3	66.5	68.5	71.7
Common staff costs	39.9	45.4	45.4	40.8
Subtotal	106.2	111.9	113.9	112.5
Travel on official business	3.6	5.0	4.8	4.6
Contractual services	4.1	5.2	5.9	5.1
General operating expenses				
Rental and maintenance of premises	10.8	12.6	13.0	14.9
Alterations	1.2	0.5	0.8	0.4
Utilities	1.0	1.0	1.1	1.1
Subtotal	13.0	14.1	14.9	16.4
Communications	6.0	6.6	6.0	6.0
Other	3.0	2.6	3.9	3.6
Subtotal	22.0	23.3	24.8	26.0
Supplies and materials	1.5	1.5	1.5	1.7
Acquisition of furniture and equipment	3.2	3.5	2.6	3.3
Reimbursements	8.0	8.8	8.6	9.3
Grand total	148.6	159.2	162.1	162.5